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Post-Revolutionary Society

PAUL M. SWEEZY

Class Struggles In Poland

DANIEL SINGER

The World Bank and the Small Farmer

CHERYL PAYER

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NOTES FROM THE EDITORS

Some readers may be puzzled by an allusion in the last paragraph of Daniel Singer's article "Class Struggles in Poland" (p. 27 in this issue). Singer writes: "Though the red mole may weave unexpected patterns and assume strange disguises, it is digging, digging fast, and moving in the right direction." The metaphor of the mole as revolution has a long history in the literature of Marxism and perhaps goes back even further. In any case we can trace it to a speech Marx gave to a small banquet celebrating the anniversary of the founding of the *People's Paper*, organ of the English Chartist movement, published in the April 19, 1856, issue of that publication. Referring to the "antagonism between modern industry and science on the one hand, and modern misery and dissolution, on the other

(Continued on inside back cover)

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POST-REVOLUTIONARY SOCIETY

By Paul M. Sweezy

Much of this book* has been concerned with what post-revolutionary society, exemplified mainly by the Soviet Union, is not, rather than what it is. I have argued that it is neither capitalism nor socialism as these social formations have been traditionally understood by Marxists, nor is it, as Trotskyists maintain, a transitional society between the two which has been temporarily stalled by a bureaucratic deformation. It is, in my opinion, a society with enough basic differences from both capitalism and socialism to be considered and studied as a new social formation in its own right. In this chapter I venture what I have not previously attempted in print, to sketch with very broad strokes what appear to me to be the fundamental characteristics of this new social formation, to identify what distinguishes it from these other social formations. In doing so, however, I must stress, first, that I consider what follows to be provisional as a whole and in detail; and second, that while I believe the Soviet Union to be a valid prototype of other presently existing revolutionary societies, I do not mean to preclude the possibility that some of them, and others still to come, are following or will follow a different road.

* This is the final (and previously unpublished) chapter of *Post-Revolutionary Society* by Paul M. Sweezy, which is being published by MR Press this month. For details see page 28.

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II

The starting point is capitalism, which gave rise to all the social sciences with which we are familiar today. The economic foundation of capitalism has three determining characteristics: (1) ownership of the means of production by private capitalists; (2) separation of the total social capital into many competing or potentially competing units; and (3) production of the great bulk of commodities (both goods and services) by workers who, owning no means of production of their own, are obliged to sell their labor power to capitalists in order to acquire the means of subsistence. In Soviet-type societies two of these three determining characteristics have been eliminated. Most of the means of production are owned by the state or, in the case of the collective farms which are formally cooperatives, closely controlled by the state. And the units into which they are divided for managerial and administrative purposes are not autonomous and do not relate to each other in the manner of competing capitals. Instead they form parts of a hierarchical structure of decision-making and control which reaches its peak in the top political organs of the state. The guiding force in this system is therefore an overall plan which, however well or badly articulated, is a set of directives having the force of law and not merely, as under capitalism, indicators designed to help the autonomous units of capital to act more rationally in their own interest.

The third determining characteristic of capitalism—production by propertyless wage laborers—is retained in the Soviet-type system, but with a significant difference. The Russian Revolution which brought this system into being, and later anti-capitalist revolutions as well, was made in the name of the workers and peasants, and its battles were fought by these same oppressed and exploited classes. In the early years of the new system their status both economically and politically was significantly improved. Among their most important gains was full employment and constitutional guarantees of the right to a job. In other words Soviet workers, unlike workers under capitalism, cannot be fired by managements except in extreme circumstances: they have what in the United States is called tenure and is reserved for relatively small and generally privileged segments of the salaried work

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force.* This job security, won through revolutionary struggles and sacrifices, is so precious to workers that no post-revolutionary regime would dare to abolish it regardless of what advantages, from the point of view of overall economic flexibility, might be gained by doing so. One can even say that the claims of post-revolutionary regimes to legitimacy depend to a very large extent on the job-security system.

The functioning of capitalism is governed by economic "laws" which are generated by the mutual interaction of competing capitals on the one hand, and of capitalists and wage laborers on the other. No overall direction exists or is needed: the system runs itself so long as capitalists act to maximize their profits and use their profits to expand their capitals. The state is of course involved in the process as the guarantor of the underlying property system and enforcer of the rules of the competitive struggle, and it also typically plays a role in strengthening the hand of some interests against others, and in attempting to resolve or ameliorate the contradictions to which the system periodically and/or irregularly gives rise. But in the economic sphere the state is dragged along by the laws of value and capital accumulation and the special interests they create. To use a mathematical analogy, the economy is the independent variable, the state the dependent variable.

It is the other way around in the Soviet-type system. True, the laws of value and capital accumulation keep operating to the extent that private enterprise and free markets are allowed to continue in existence, but this is mostly in the production and sale of agricultural products from the peasants' private plots which, while important for the supply of certain foods, is a minor aspect of the economy as a whole. It is also doubtless true that the individual production units in the state sector, as well as the

* In Japan the equivalent arrangement is "life employment," which is enjoyed by many more than have tenure in the United States but who still constitute a minority of the employed population. Most of the other advanced capitalist countries probably fall between the United States and Japan in this respect. These partial guarantees of employment, which are not necessarily legally enforceable, scarcely affect the ability of the separate units of capital, and still less of the capitalist class as a whole, to vary the amount of employment offered in response to the requirements of the economic conjuncture. And it is precisely in this respect that the situation in the Soviet-type economies is basically different.

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ministries to which they are responsible, may and often do strive to act as profit-maximizers and capital-accumulators, but the extent to which they can actually play these roles is strictly limited by the planning system and subject to control by higher political authorities who hire and fire ministers and in the final analysis establish the norms which govern their conduct. The point to be emphasized is *not* that all manifestations of capitalist behavior patterns have been eliminated from Soviet-type societies, far from it, but that these have ceased to *dominate* the functioning of the economy and hence, indirectly, to shape the objective and tasks of political power. In capitalist society the state is the servant of the economy, in Soviet-type societies it is the master.

I shall return to this subject below. Here I want only to add that this reversal of the economic/political relationship characteristic of capitalism in no way means or implies that in Soviet-type societies the state can do what it pleases, that it is released from economic constraints, that its behavior is not in the final analysis determined by economic considerations. I make no such claims, nor do I call in question the broad generalizations of historical materialism. I want only to argue that the historically unique set of socio-economic relations which determine the specific form of the economic/political nexus under capitalism no longer exists in Soviet-type societies and has been replaced by a different one which, since it lacks an autonomous economic base, is formally akin to that which existed in feudal and other precapitalist societies.

III

In Soviet-type societies most consumers, with the exception of members of collective farms, receive their incomes in the form of wages or salaries. Profits and rents are not paid out as personal incomes, and interest on savings accounts is relatively unimportant. Incomes are spent in state and cooperative stores which charge prices that are set by appropriate authorities or calculated according to prescribed formulas. However, the distribution of real income does not coincide with the distribution of money income. There are two reasons for this. First, there are special shops open only to certain privileged sectors of the population where money spent yields amounts and qualities of goods

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different from those available to the general public. And second, services such as housing, education, and health care which are provided free or at nominal cost are also distributed on a differential basis to privileged groups and the general public. Needless to say, the groups privileged with respect to services are in general the same as those with access to special shops. Clearly the distribution of real income in Soviet-type societies is considerably more unequal than the distribution of money income. This fact must be taken into account in evaluating their stratification systems.

Another important characteristic of Soviet-type societies is the existence of what is known as a "second" or "underground" economy consisting of the production and buying and selling of goods and services by private individuals outside the channels provided and prescribed by the legal system. There is a considerable literature, mostly of an anecdotal sort, dealing with this phenomenon; but, given its generally illegal character, there are of course no official or reliable statistics by which to estimate its size or importance relative to the system as a whole. The activities which it encompasses are numerous and variegated, many and perhaps even most of them involving moonlighting by workers and professionals with regular jobs in the state sector: construction and repair work for individuals and households, doctors treating private patients on the side, buying and selling illegally produced or stolen goods, and so on. To the extent that these activities complement the official economy, which is notoriously deficient in the provision of badly needed repair services, they are generally tolerated. But where they contradict and conflict with the official economy, as in the reportedly widespread activity of dealing in goods stolen from state enterprises, they are proscribed and subjected to extremely severe criminal penalties. In any case there can be little doubt that the second economy provides a strong stimulant to the spirit of private enterprise and constitutes a fertile breeding ground for corruption at all levels of society.

IV

Up to now every post-revolutionary society has either begun as, or quickly developed into, a one-party state, with the ruling

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party exercising a monopoly of political power. Why this has been so and whether or not it was inevitable are questions we cannot attempt to answer here. The fact is that it has happened; and unless or until experience points to a different conclusion, we must assume that the one-party system is an integral feature of the post-revolutionary society which we are trying to analyze.

It is well known that traditional Marxist theory has always treated political parties as representatives of social classes or segments of social classes. Is this also applicable to post-revolutionary societies? The answer, in my opinion, is yes, but in a considerably more complex sense than the notion of a simple one-way class/party relationship might suggest. The case of the Soviet Union, aspects of which have been touched upon above, can serve as an example of the kind of tangled issues involved and of what appears to be the outcome toward which the other post-revolutionary societies are tending.

There is no doubt that the Bolshevik Party, which became the single governing party in the Soviet Union, started as a party of the urban proletariat and as such led the way to the seizure of power in the Russian Revolution. With the decimation and dispersal of this class in the years of civil war, however, the established relation between class and party was largely dissolved, and for a number of years (roughly the 1920s and 1930s) the party ruled through its control of the armed forces and the security apparatus but without any clear or consistent class base.

In my opinion the key to understanding Soviet society is recognition that it was during these years of turmoil and conflict that a new class was born which gradually gained control over the Communist Party, liquidated its old Bolshevik leadership, and installed itself as a ruling class in the full sense of the term. The process has been described and analyzed in detail by Charles Bettelheim in the two volumes reviewed in Chapters 4, 5, 7 above.* Here I cite a description by Moshe Lewin, one of the leading Western historians of Soviet society, which brilliantly distills the essence of this crucially important develop-

* Charles Bettelheim, *Class Struggles in the USSR: First Period, 1917-1923* and *Class Struggles in the USSR: Second Period, 1923-1930* (London and New York: Monthly Review Press, 1976 and 1978, respectively).

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ment. Discussing the incredible difficulty of governing an economy and society as huge, backward, and divided as the Soviet Union, Lewin writes:

The problem was not just one of getting enough specialists and managers. There was the parallel problem of promoting a powerful class of bosses, the different *nachal'stvo,* composed of top managers in the enterprises, and top administrators in state agencies. The *nachal'stvo,* . . . the state's ruling stratum was the key group which the system continued to foster. The rewards for being admitted, especially in a country in a state of penury, were very considerable and the power over subordinates very great. Some of the privileges were openly acknowledged: *personal'naia mashina, personal'naia pensiia* (personal car and special pension) and separate eating places were public knowledge. But much was hidden: for example, closed supply networks offering goods on *spets-paiki* (special rations); special warrants; a graduated scale of expense accounts and perks; privileged housing; well-sheltered resorts and, finally, the "sealed envelope" with money over and above the formal salary. All these were slowly developed into a formalized hierarchy of material rewards corresponding to a formally stratified and quite rigid ladder of importance and power.

The *nachal'stvo* class was born from the *edinonachalie* principle (one-man rule), especially as it developed in the work place after 1929. The creation of a hierarchical scaffolding of dedicated bosses, held together by discipline, privilege and power, was a deliberate strategy of social engineering to help stabilize the flux. It was born, therefore, in conditions of stress, mass disorganization and a struggle for order and compliance in a state of social warfare. *Nachal'stvo* members were actually asked to see themselves as commanders in battle. The party wanted the bosses to be efficient, powerful and harsh, and endowed them with prerogatives and appropriate encouragement. It was the top party bosses of the Stalinist school who got results whatever the cost . . . , impetuous and capable of pressurizing ruthlessly, who were the models offered to the growing squad of *nachal'niki.* . . . The promotion of the despotic manager, increasingly the regime's style of leadership, was a process by which not leaders but rulers were formed. The fact that many of them were themselves quite insecure as to their jobs made the despotic traits of their rule probably more rather than less capricious and offensive. Occasional purges of "enemies" within the *nachal'stvo* were probably intended to shake up, destabilize and prevent the hardening of a crust of powerful officials forcing the leadership to recognize their power, and increasing their influence in the state machinery generally. Destabilizing purges, however, did not prevent the *nachal'stvo* from developing a distinct organization, style and "mentality." Shifts of central policy and police raids af-

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fected its personnel in the offices, but the impersonal features of a bureaucratic pattern kept coming to the fore. These could be neither purged nor sentenced for "wrecking."*

It only needs to be added to complete the picture that after Stalin's departure from the scene the practice of purging the leadership cadres was discontinued. The result was to release this group from the kind of subservience to the party which Stalin had been able to enforce. With this change the party was in effect transformed from being the master of its top functionaries to being the key instrument through which they exercise their rule over the country.

The question remains whether these bosses—who, as Lewin's analysis makes quite clear, are very far from being mere bureaucrats—constitute a true social class. It is conceivable that they might rather be members of a "power elite" in C. Wright Mills' meaning of the term, i.e., a set of individuals who happen at any given time to occupy the "command posts" of society. In theory such a set of individuals might be recruited from all levels and strata of society, according to criteria of fitness for the functions to be performed. If this were the case, the class composition of the power elite could be heterogeneous, perhaps reflecting the class composition of the population as a whole. It is clear, however, that this description does not fit the Soviet power elite at all. True, it was *originally* recruited by the old Bolshevik leadership of the party from various strata of pre-revolutionary society. But with the passage of time and the disappearance of the old leadership, the process changed. Increasingly, the highly privileged and powerful individuals at the top came to see themselves as a body apart, held together (in Moshe Lewin's words) by "discipline, privilege and power" and "developing a distinct organization, style and 'mentality.'" They selected and trained their own replacements, naturally giving preference to young people with life-styles, ideas, and values like their own, which means young people from their own social stratum who were born into a privileged environment and had easy access to the institutions of higher education which

* Moshe Lewin, "Society and the Stalinist State," *Social History* (Hull, England, May 1976), pp. 172-173.

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increasingly, as in all advanced industrial societies, assumed the task and responsibility of preparing the rising generation for social leadership roles.

What all this adds up to is that a group of disparate individuals summoned to occupy the command posts of Soviet society were gradually shaped through a long series of intense historical experiences into a self-conscious and essentially self-reproducing ruling class. No one understood this process of post-revolutionary class formation better than Mao Zedong who fought against it to the best of his ability but in the end unsuccessfully. In 1968 Mao told the French writer André Malraux, "Humanity left to its own devices does not necessarily restore capitalism . . . but it does re-establish inequality. The forces tending towards the creation of new classes are powerful."* We can be sure that he was summing up the experience of the two great revolutions of the twentieth century, the Russian as well as the Chinese.

Under capitalism, Marx wrote, "it is the fact that capital and its self-expansion appear as the starting and closing point, that production is merely production for capital."** This is overwhelmingly the most important fact about capitalist society. Whoever does not grasp it or loses sight of it cannot understand the way capitalism functions, its contradictions and historical limitations. By the same token the most important difference between capitalism and post-revolutionary society is that this overwhelming dominance of capital has been broken and replaced by the direct rule of a new ruling class which derives its power and privileges not from the ownership and/or control of capital but from the unmediated control of the state and its multiform apparatuses of coercion. This means that the utilization of society's surplus product—which, as under capitalism and some forms of precapitalist society, is produced by a propertyless working class—is no longer governed by the laws of value and capital accumulation but instead becomes the central focus

* Quoted by James Peck, "Revolution Versus Modernization and Revisionism: A Two-Front Struggle," in Victor Nee and James Peck, eds., *China's Uninterrupted Revolution: From 1840 to the Present* (New York: Pantheon Books, 1975), p. 108.

** *Capital,* vol. 3, chap. 15, sect. 2.

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of a political process and of course of political struggles, including (but not exclusively) class struggles. In this respect post-revolutionary societies are unlike capitalism but similar to pre-capitalist societies which also lack an autonomous economic foundation.

The politicization of the surplus-utilization process has permitted Soviet-type societies to deal effectively (relative to capitalism) with some very basic problems affecting the lives of the masses. The most important of these are employment, education, health, social welfare, and land reform. When appropriate comparisons are made, i.e., between countries with roughly the same per capita incomes (for example, China vs. India or Cuba vs. Mexico), it has been found again and again that the post-revolutionary countries are far ahead in all or most of these fields. The reason has already been alluded to above. The leadership at the time of the revolutionary overthrow of the old society actually represents the exploited and impoverished masses and comes to power on a program of radical socio-economic reforms which are typically put into effect immediately and as far as existing resources permit. As time passes these reforms are institutionalized: powerful bureaucracies are built around them, and the people come to expect not only their continuation but also their extension and improvement. Eventually even a new ruling-class leadership which has little in common with its revolutionary predecessor has to accept them as integral parts of the society over which it presides. Any attempt to cut them back or undermine them would call in question the legitimacy not only of the leadership but of the system itself.

In this sense—and I believe only in this sense—the post-revolutionary societies of our time mark an important historic advance over capitalism. But for most people in the exploited periphery of the global capitalist system, where over half of the world's population still lives, this advance is an enormous stride forward—from death at an early age to a life expectancy approaching the attainable span of the human organism, from semi-starvation to enough to eat, from chronic illness to reasonable health, from illiteracy to the ability to read and write, from grinding insecurity to the peace of mind of a steady job and a

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pension in old age, in short, from a subhuman to at least the beginnings of a human existence. No wonder the example of the post-revolutionary societies has a great appeal for the masses in the Third World. Unless some miracle or catastrophe intervenes, it seems reasonably certain that there will be more revolutions and more post-revolutionary societies in the not distant future.

VI

While the politicization of the surplus-utilization process has enabled post-revolutionary societies to cope with basic problems like unemployment which are endemic even to the most advanced capitalist countries and have reached intolerable proportions in the underdeveloped periphery of the global capitalist system, it cannot be said that the basic contradictions of class society have been eliminated. Indeed the most fundamental of all these contradictions, the divorce of the real producers of wealth from any meaningful control over what is produced, how it is produced, and to what uses it is put, remains and in some respects has been deepened. The forms in which these contradictions express themselves may have changed, but the substance is still there and continues to give rise to problems and conflicts which in the long run may prove to be as intractable and intolerable as any that beset capitalist society.

This is evidently a vast subject which cannot be satisfactorily outlined, let alone analyzed, in the present context. I want simply to call attention to one aspect which is of growing importance in the Soviet Union and which I believe to be the key to some of the most serious problems which afflict that society.

I have stressed the fact that one of the most important gains of the Russian Revolution was guaranteed employment for workers, that this feature has been, indeed had to be, retained by the new ruling-class leadership which emerged from struggles of the 1920s and 1930s, and that it constitutes one of the main attractions of the Soviet-type society for the peoples of the Third World. What needs to be added is that guaranteed employment negates the basic principle of the capitalist incentive system. If workers enjoy tenure and are hence assured of an income, but

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if the jobs to which they are assigned are boring, debilitating, and degrading—as most work under capitalism is*—they will obviously not take an interest in what they are doing and will perform as little work as they can get away with. Capitalism's tried and true remedy for this is unemployment the threat of which hangs over workers like a sword of Damocles, forcing them to ever greater exertions to avoid being fired and losing their means of livelihood.

The problem for the Soviet Union is that it has removed the sword of Damocles without putting anything in its place. During the early years of industrialization extreme measures of coercion were widely used, including deprivation of housing and food rations, and even deportation to labor camps. While this succeeded after a fashion in molding a mass of raw peasants into an industrial proletariat, it did not solve the real problem and was never intended to be permanent. What was needed, as socialists have long contended, was a radically different attitude toward work and workers, involving the workers in decision-making at all levels of the economy and society and encouraging them to take upon themselves the task of humanizing the work process as the collective responsibility of free men and women. It may be of course that traveling this road was never possible in the circumstances prevailing in the Soviet Union. It could be argued that it would have required the leadership and guidance of a party deeply rooted in the working class and dedicated to its emancipation, and that what might have become such a party was consumed in the flames of civil war. But whether or not this is true—and we shall never know for sure—there can be no doubt that there was never the slightest chance that the new ruling class which emerged later on would opt for a course which, if successful, would lead to full-scale democratization and the loss of its monopoly of power and privilege.

This ruling class, in keeping with what we know about its origins and nature, opted for a very different course, that of depoliticizing the working class, depriving it of all means of self-organization and self-expression, and turning it into a mere in-

* The most complete and authoritative treatment of this subject is Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, 1974).

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strument in the hands of an increasingly powerful state. It seems to have worked so far (though it cannot be denied that this may be only an appearance based on ignorance), but this "success" has had a very high price. A depoliticized working class not spurred on by a capitalist incentive system (a complex of fears, not only of being fired but also of being demoted, losing income and status, and much more) seems to be a working class which is not much interested in working its head off for goals—catching up with the capitalists, maximizing military power, or whatever—that are established by a ruling class with which it shares little but a long relationship of abuse and oppression.

The result is that the performance of the Soviet economy, even in purely quantitative terms, has for some time now been lagging behind its leaders' ambitions and the potential of its human productive resources. Attempts are being made to turn the situation around by massive imports of capital and sophisticated technology from the advanced capitalist countries, but the real problems are human and social, not technological; and increasing dependence on capitalism, if allowed to go too far, could easily be a source of weakness rather than strength. It would perhaps be too much to say that post-revolutionary society, as represented by its oldest and most advanced exemplar, has reached a dead end. But at least one can say that it seems to have entered a period of stagnation, different from the stagflation of the advanced capitalist world but showing no more visible signs of a way out.

Since it is not for us to create a plan for the future that will hold for all time, all the more surely what we contemporaries have to do is the uncompromising critical evaluation of all that exists, uncompromising in the sense that our criticism fears neither its own results nor the conflict with the powers that be.

—Karl Marx

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CLASS STRUGGLES IN POLAND: NOTES ON A HISTORIC COMPROMISE

BY DANIEL SINGER

It looked like the signing of a peace treaty between two sovereign powers. It was nearly 5 p.m. on that Sunday when—amid flashes of cameras and the noise of the recorders—the two main protagonists, their brief speeches over, signed the 21-point protocol. True, the setting was not very typical of diplomatic occasions. The ceremony was being held in the Lenin Shipyards and beamed through loudspeakers to thousands of workers standing outside. Nor was it a traditional peace treaty; it was a truce in Poland's class struggles which Mieczysław Jagielski, a deputy prime minister, signed on behalf of the ruling establishment and Lech Walesa for the MKS, i.e., the inter-factory strike committee of the Gdansk region, standing on this occasion for the working class of Poland. The date was August 31, 1980, a date to remember.

Here the compromise signed was genuinely historic. Each side had to admit, for the time being, the limits of its power. The workers, recognizing the political imperatives of geography, accepted the prevailing regime, acknowledged the preponderance of the Party and the inevitability of existing international

Daniel Singer is the author of a forthcoming MR Press book entitled *The Road to Gdansk: Eastern Europe on the Move.* This article is excerpted from the book's last chapter, which will be much expanded to include on-the-spot interviews and post-strike information based on his recent trip to Poland. Singer is a professional journalist, born in Poland and based in Paris.

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alliances. The government, discovering the full might of the labor movement, had to grant something unprecedented in the Soviet bloc: not just the right to strike but the freedom to set up independent labor unions. As always, the compromise had its ambiguities, barely concealing mental reservations. The workers, naturally, hoped that their victory was only the beginning, that having gone so far, they would, after a pause, venture further along the uncharted road. The rulers, on the contrary, signed on the assumption that what had to be conceded in haste, in the hour of crisis, might be recovered, or at least neutralized, at leisure.

But before we start examining the implications and prospects of this historic compromise, we must recall how it was reached. For this we need to revive the third act of the Polish drama, the sixty days which led to the climax of Gdansk.

An old ruling class always looks strangely bewildered when faced with a new and massive social movement. Edward Gierek, the Party boss, and Edward Babiuch, his prime minister since the preceding February, were thus following illustrious precedents in the summer of 1980. Actually, they thought they were being very clever. Since food prices could not be raised in a symbolic confrontation, the same objective would be reached surreptitiously. Already earlier, the best cuts of meat were being sold in special shops at higher, so-called commercial, prices. Now the list of those cuts, whose price went up by 40 to 80 percent, was extended, and meat sold to workers in their canteens was also put up to the "commercial" level. But the decree providing for the increase in meat prices on July 1st was not proclaimed amid a fanfare of trumpets on a national scale. It was to be applied with variations regionally, and clearly instructions had been given to yield and adapt where the resistance was strong. If you can't beat down the immovable object, you can try to bypass it.

The stratagem might have worked if the Polish labor movement had not gained experience and forged links in the preceding period. In practice, the clever tactics had an effect opposite to that intended: they acted as an inducement to strike. The Warsaw wits, with their knack for paraphrasing slogans, put it

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in a nutshell: "Those who do not strike, do not eat meat." The risks were not high and the results were rapid. The concessions could not be concealed as the Committee for Social Self-defense (the new name for the Committee for the Defense of the Workers, or KOR) served as a clearinghouse for strikers and, for a time, as the only source of information both for Poland and the outside world.

In the special circumstances, Poland's general strike did not take the usual form of creeping paralysis. It was not a majestic tide sweeping first the main economic regions and key industrial branches, then mopping up until it brought the country to a standstill. The movement was spotty, sporadic, affecting one factory in a town, one shop in a plant, the strike coming to an end here, then resuming next door. Even KOR, trying to monitor all stoppages, could not keep track and not only because its permanent or occasional correspondents were being arrested and beaten up by the security police. KOR was unable to measure accurately because of the very nature of the movement: quite often a warning strike or even the threat of one was sufficient to induce the management to yield.

The response of the workers was immediate. At Ursus, the tractor factory near Warsaw which had exploded in 1976, some workers downed their tools on July 1st. Stoppages spread from shop to shop and were only brought to an end by wage increases ranging from 10 to 15 percent. The following week several Warsaw plants were affected, including the Zeran motor works, and everywhere the strikers won a bigger pay packet. Indeed, on July 11th, managers of important enterprises were flown to Warsaw and told by the Central Committee to buy "social peace," cheaply if possible, but really at any price.

The authorities were worried but not yet in a state of panic. After all, throughout the month of July unrest was kept behind factory gates, and no town had been paralyzed, with the notable exception of Lublin, an ancient though again expanding city of some 300,000 inhabitants. By mid-July, most Lublin firms—including a truck plant; building, transport, and chemical enterprises; as well as bakeries—were standing still. City transport was on strike, so were the railway workers, halting trains on their way to the Soviet Union. Most strike committees

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in Lublin had similar demands: (1) higher wages; (2) family allowances on a par with the army and the security police; (3) abolition of "commercial" shops; (4) fair allocation of housing; and (5) full guarantees for the strikers. The Lublin railwaymen were forerunners in another sense. Soon they would refuse to re-elect their old trade-union stooges, and would vote successfully for their strike committee. But Lublin did not have the economic weight and the symbolic political power to act as a focus for the country as a whole.

Financially, the whole operation of putting meat prices up was, by then, a failure. But the rulers could still use the printing presses to save their political necks. They had got away with it in Lublin. The situation, however, was getting hotter and hotter, with news of warning strikes coming from steel and textile mills, from Wroclaw, Poznan, and Lodz. The capital itself had surprises for its masters. Drivers distributing newspapers struck one evening and got their raise the morning after. Garbage collectors had to fight a bit longer. Then, on August 12th, it was the turn of public transport: the bulk of the buses and half the trolleys. That same evening, a group of young people provoked a traffic jam in the heart of the town, stopping the remaining trolleys, the few operating buses, and private cars. KOR at once issued a statement, as it had done when there was talk of an open mass meeting in Lublin, warning against moves likely to give the hard-liners an opportunity to intervene. But the limelight was now shifting rapidly from Warsaw to where it had all started ten years earlier, to the Lenin Shipyards of Gdansk.

A small news item changing meaning with time occasionally gives a good idea of the quickening pace of events. Thus, KOR reported a barely noticed case of repression, which took place on July 31st. An electrician, member of the 1970 Gdansk strike committee and also a member of the founding Committee for the Free Trade Unions of the Coastal Region, had been arrested by the police. The security men picked him up as he was walking his baby in a pram. They then left baby and pram in front of his flat. There was nobody inside since his wife was in hospital giving birth to a fifth child. You may have guessed that the 37-year-old electrician was Lech Walesa, whose

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moustache and crucifix would soon be splashed on the front page of newspapers all over the world.

Walesa, however, was not at the origin of the strike in the shipyards. The impetus was provided by a colleague of his, Anna Walentynowicz, who had also belonged to the 1970 strike committee and was equally a founder of the free trade-union organization. Anna, removed from her job in the Lenin Shipyards in January, fought her case and proved the arbitrary nature of the dismissal. The management, unperturbed, went on blocking her reinstatement. The new mood offered an opportunity. At dawn on August 14th, a Thursday, leaflets were distributed and the first shift, instead of starting work, improvised a mass meeting within the yards. In addition to the reinstatement of dismissed comrades, the workers demanded a uniform increase of 2,000 zlotys for all, family allowances brought to the level of the militia, and higher pensions. They asked for the abolition of commercial prices, for fair reporting of the conflict in the mass media, and for a monument to commemorate the victims of repression in 1970. A sit-in strike was proclaimed and a delegation elected to negotiate with management.

The authorities, too, reacted very differently on this occasion. The manager was ready to talk at once, and the regional Party secretary, Tadeusz Fiszbach, was soon to play an important and conciliatory part in the negotiations. Actually, there were three rounds of talks the very first day. The mood was for concessions. The government was ready to yield—e.g., to set up a monument for the victims—in order to get the men back to work. By Saturday, it looked as if a deal had been struck. The proposed agreement was then democratically rejected by the rank and file in the name of solidarity. The Lenin Shipyards were not going to give up the struggle and let other, weaker plants down. They must all get back together. Walesa, who throughout was to show a sure instinct for the mood of the workers and the realm of possibility, bowed at once to the will of the majority. The solution was to combine a joint political platform with specific material demands for each plant. That very day the MKS for the Gdansk region, i.e., the inter-factory strike committee with headquarters in the Lenin Shipyards, produced its 21-point charter and invited the government to renew

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negotiations. The question was whether the Party was ready for talks with such a collective partner, which was asking openly for an independent representation of the working class.

Once Gdansk was in the fray, the leaders in Warsaw grasped that the trial of strength was on. On August 15th Edward Gierek flew back from his holiday in the Soviet Union, and that very same day Premier Babiuch addressed the nation. Though he admitted publicly the existence of labor troubles, his speech was rather uninteresting, except for one passage: "Our faithful friends believe that we shall be able to cope, and wish it with all their hearts." He implied that if "we" can't cope, "they" will. Hypothetical Soviet tanks were to figure through the crisis as a political weapon to soften up the strikers. But the Gdansk workers, while showing exemplary restraint, were not to be frightened into surrender; and, as they refused to end the strike, it was Gierek's turn to appear on television on Monday the 18th. He, too, failed to rise to the occasion, but he clearly revealed his tactics. Relying on time, weariness, and wage concessions, the aim was to isolate the joint strike committee through negotiations with strikers in individual plants. If the wave of strikes were to recede, Gierek would be left standing on dry ground.

But it didn't. The very day of his broadcast the number of enterprises belonging to the Gdansk MKS rose from 120 to 240. The strike was to spread throughout the area and, while growing, to consolidate its structure with a 19-member presidium, headed by Walesa, on top of the assembly of delegates, and with a newspaper, *Solidarnosc* (Solidarity), countering official propaganda. Stewards preserved perfect order within the yards; commissions were set up to study all sorts of problems; hospitals, public utilities, and bakeries were allowed to function; consumption of alcohol was forbidden within the yards and without. The inter-factory committee acted and appeared as an organ of parallel power.

Simultaneously, it was gaining outside support. On the 19th, on the morrow of Gierek's intervention, Szczecin, the other big Polish harbor, was brought to a standstill, then set up its own MKS in the Warksi Shipyards. In an impressively calm way this was a repetition, on a grand scale, of the 1970

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events with the whole maritime coast paralyzed by strikes. Messages of sympathy were reaching Gdansk from factories in Warsaw and Wroclaw, in Lodz and Poznan. And not only from factories. On Wednesday the 20th a message proclaiming the solidarity of the progressive intelligentsia with the workers "who are fighting for their and our right to a better and worthier life" was issued with signatures of 65 prominent writers, professors, and others; by the end of the week the number of signatories had quadrupled, including people who had never before signed a dissident text. Above all, intellectuals offered their knowledge and skills. In preparation for further talks, the Gdansk strikers set up their own commission of experts, made up roughly half and half of left-wing Catholics and independent Marxists.

It was clear that Gierek's gamble had failed. The first admission was the withdrawal (on the 21st) of the special envoy sent to negotiate behind the back of the MKS and his replacement by two other deputy prime ministers, Mieczyslaw Jagielski and Stefan Barcikowski, who were appointed to bargain with the joint strike committees in Gdansk and Szczecin, respectively. The real admission came on Sunday (August 24th) when, after a tense session of the Central Committee, Gierek, in a television broadcast lasting twenty minutes, announced a major reshuffling of the leadership, acknowledged past mistakes, and promised new economic reforms. Since this was no gift horse, the workers looked into its mouth and, because they had a memory, they were not too impressed.

True, the changes at the top were substantial. Six out of the 18 members of the Politburo were kicked out. So were Babiuch, the premier, and several of his ministers. Yet no fewer people had been thrown overboard ten years earlier, after the previous workers' rising, including the top leader, Gomulka. And now, as then, the men taking over the jobs—Jozef Pinkowski, the new premier, and Stefan Olszowski, the pragmatic climber returning to the Politburo—were inevitably products of the same Party machine. While pleased with the disgrace of some of the hard-liners (such as the trade-union boss Jan Szydlak and Jerzy Lukasiewicz, responsible for propaganda), the strikers saw no guarantee in these personal permutations.

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As to promises of economic reform, the Polish road to near-bankruptcy is littered with such pledges.

The strikers had no reason to trust a government, however reshuffled, which was keeping in jail Kuron, Michnik, and their other political friends from KOR (rearresting them unashamedly every 48 hours so as not to have to put them on trial), and which had cut off communications between the maritime province and the rest of the country. Restore the telephone lines, they warned, if you want to resume the talks in earnest. The authorities had to yield on this and on many other issues, so that what seemed unthinkable a few weeks earlier—the emergence of a parallel power springing from below, of a truly independent labor union—now became a distinct possibility.

In the eighth week of labor unrest, the pressure on the Gdansk strikers to settle for less was strong. *Pravda* was proliferating stories about "anti-socialist elements" in Poland. In the Polish press there were more than gentle hints about the country's past, its partition, the Tsarist occupation. Even Cardinal Wyszynski was shown on television at length because he was preaching prudence and responsibility. (The Catholic Church subsequently protested that the extracts from his sermon were chosen in a biased way, which is true, but the full text—published in *Slowo Powszechne* on August 29th—did in fact plead for compromise.) In spite of it all, the Gdansk MKS, both flexible and firm, appeared to be winning its essential demands.

Then, on Friday the 29th, tension rose again. There were all sorts of alarmist rumors. Within the Party's Central Committee, which was to meet the day after, there were members listening attentively to Moscow's indictment. Within the Catholic hierarchy there were obvious divisions as to how much should be done to help the Communist rulers. Even among the strikers in the Lenin Shipyards, with victory almost within grasp, there were splits and apprehensions. Walesa had to assure the workers that their friends would not be let down, that political prisoners were not forgotten in the prospective agreement.

We outsiders would not have been so alarmed had we known at the time that the government's last stronghold, Gierek's Silesian fief, was being flooded by strikes. The Party

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had to give in quickly, and it did. Szczecin showed the way on Saturday, and the day after the final obstacles were cleared rapidly in Gdansk. Before the historic ceremony mentioned at the beginning, Walesa, who within a fortnight showed himself to be a tough negotiator and a born leader, summed up the mood and the balance-sheet: "Have we got it all? No. But we have got a great deal, all that was possible in the present situation. And the rest we can win together because we have our trade union."

There are occasionally strange numerical coincidences. The Communist International (Comintern) was launched by the Bolsheviks with 21 conditions. The Polish labor movement has now been formally revived with the 21 points of the Gdansk Charter. The protocol of that agreement is a fairly long text because, in addition to specific articles, it includes commentaries, sometimes showing different shades of opinion. Though the Charter has 21 points, the whole construction rests on the first. It is there that the strikers, endorsing the existing Polish constitution, accept "the principle of the social ownership of the means of production." They also "recognize that the Polish United Workers Party [i.e., the CP] is the leading force in Poland and do not question the existing system of international alliances." In exchange they obtain the right to set up "new, self-governing trade unions."

The rest sprang from this extraordinary conquest. Article 2 "guarantees the right to strike," while Article 3 provides for "the freedom of expression and publication." Strikers and students victimized in the past are to be freed (Article 4), while the country must be informed fairly about the MKS and its demands (Article 5). The debate over economic reform should be general and public (Article 6). Article 7 deals with strike pay, Article 8 with proposed increases in wages, and Article 9 with a sliding scale for wages. Improvement in food supplies, the limitation of food exports, the proposed abolition of "commercial" prices and of shops selling for foreign currency, as well as the provisional reintroduction of meat rationing are dealt with in Articles 10, 11, and 12. Article 13 tackles the privileges of the police and the apparatus, which the governmental side tries to deny. Old-age pensions and the health services are discussed

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in Articles 14, 15, and 16. Articles 17 and 18 deal with kindergartens for the children of working mothers and with better paid maternity leave. The last three articles deal with housing, work distant from home and Saturday as a rest day.

Probably on purpose it was not specified whether the main provision—the right to set up independent unions—applied only locally or for the whole of Poland. If the authorities thought in this way to limit it to the Baltic area, their hopes were dispelled at once by the Silesian miners who struck over their working hours *and* over the right to organize independently, and got what they wanted. Indeed, for the next three weeks strikers all over Poland were combining their own specific grievances with the main points of the Gdansk charter. Once again, this was not a huge tide threatening the regime, but this tail-end of the general strike did prove sufficient to engulf Edward Gierek.

The changed political climate produced some surprises. Thus on September 5th, the Polish *Sejm* or parliament, hitherto a rubber-stamp institution, suddenly resounded with really critical speeches. Observers, however, were even more struck by a conspicuous absence, that of the Party's first secretary. The reason was revealed later that night after a special session of the Central Committee: Gierek had had a stroke and was dismissed both from the Secretariat and the Politburo. The heart trouble was genuine, the alleged reason for his dismissal was not. Leaderships in Eastern Europe are full of people in worse shape, starting with Leonid Brezhnev. Ten years earlier, Gierek had assured the shipyard workers of Szczecin that something would have to be done to ensure a smooth, normal system of succession. ("I shall do my best to make a beginning so that, as the saying goes, the King should not be forever . . . that the first secretary has either to die or to be swept away by a wave. . . ." From a tape of Gierek's meeting with the Szczecin strikers in 1970.) He did nothing in the meantime and was himself swept away by the political crisis. His place was taken over by 53-year old Stanislaw Kania, a stodgy *apparatchik* of peasant origin. The fact that Kania used to be in charge of the army and the police in the Party secretariat is not particularly perturbing; it is known that during the Gdansk negotiations he pleaded for com-

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promise. The question mark hanging over the new Polish leader is different: Will he have the stature and the imagination to match the unprecedented prospect he now faces?

Imperceptibly we have moved from the third act, describing the spectacular conquest by the Polish working class of the right to organize, to the fourth act barely begun, which will show how the system adapts itself to the new situation. But before examining the outlook after the storm, we should say a few concluding words about the third act, contrasting it with its predecessors. The great novelty is the calm assertion of its power by the working class. In 1970 and 1976 it needed a tocsin—the stoppage of a train, the storming of Party headquarters—as a call to national action. This time, the workers did not require such fireworks. They showed their solidarity and their power without leaving their factories. True, the other side also behaved differently, did not act in the same provocative fashion. Still the quiet, collective show of strength by the workers as a class on a national scale was indeed impressive.

The focus was on Gdansk, which made sense. The accent in the media on the religious fervor of the workers was also to some extent understandable. After all, one is not used, particularly in Western Europe, to seeing strikers celebrating mass or a leader seeking God's blessing for his daily round in the class struggle. Yet this emphasis should not conceal other significant features of the growing Polish labor movement such as its egalitarianism: all wage demands were equal, not proportionate, and all infringements of this rule were in favor of the lower paid. Or its strong feelings of solidarity: the shipyard workers, for example, included in their platform the demands of the nurses who do not have the same muscle. But most interesting was the movement's increasing ability to rise above the narrowest preoccupations, its new capacity to express political demands, to be the voice of society as a whole.

This time the workers acted very much as a class in opposition. Their attitude reflected an extraordinary change of mood over the last quarter of a century. The very idea of workers' councils and of self-government, which flourished for a brief spell after Gomulka's return to power in 1956, implied a com-

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munity of interest between the rulers and the ruled. It was based on the assumption that in a "socialist Poland" the workers were somehow the masters of their factories. By 1970 these illusions were badly shaken. Ten years later, the Polish strikers were talking in classical Marxist terms of "them" and "us," insisting on independent trade unions as a guarantee of some form of workers' power in their struggle with the omnipresent employer, the state. This more lucid outlook sets its own problems, as we shall see in a moment.

Can independent labor unions function within the existing framework? In tackling this question, let us push aside a trick of our propagandists. Socialism, runs the argument in most Western papers, cannot put up with the free expression of the workers' will. This makes as much sense as saying that capitalism is incompatible with private property or the market. Something else is obviously meant: a certain system of rule from above, based on the Russian model, is incompatible with a counter-power flowing from below. This is historically true. But we are here interested in the short and medium run, because in the long run the Soviet system itself is not immutable.

Poland's rulers did not concede important powers to a labor movement because they were suddenly converted to workers' democracy. They did so because they had to, under tremendous pressure. The argument of incompatibility rests, therefore, upon a Soviet intervention. It is furthermore an argument to be handled with care in the present circumstances: occasionally the case for the inevitability of a Russian move sounds almost like an invitation. The Soviet leaders clearly hate what has happened in Poland and fear the contagion; not for nothing did they start jamming again as the Polish strike spread. But the Soviet leaders are also calculators: their troops are bogged down in Afghanistan; detente is in poor shape. To take on an almost united Poland, with its 35 million inhabitants, is no joke. In certain circumstances, if the regime for instance were collapsing, the Russians would not hesitate. The Polish opposition has the complicated task of winning concessions from the authorities while propping them up.

The Polish Party may prove too weak rather than too

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strong. At the moment it plays the classical game of those who want to divert attention from the fundamental flaws of a regime. It puts the blame on individuals, like that notorious head of TV with his villas and his collection of pornographic films. But the shock was too deep and the impact of the general strike too great throughout the country for the Party to get away with it so easily. In the political climate now prevailing, if you start a phoney campaign against the privileged and the profiteers, you don't know where it will lead you—not even in the Party.

As to the labor movement and its allies, having emerged triumphantly from the dramatic crisis they are now faced with an accumulating number of unanswered questions. Some of them were thrust upon it at the end of September as the new labor unions, called *Solidarnosc* (Solidarity) began to organize in earnest. How centralized was the national organization to be? If it were too loose, local unions would be dominated by the authorities; if it were highly centralized, it would too rapidly and obviously clash with the state. These questions hide another set. Should the new unions collaborate with management and the authorities on the local and on the national levels? If they do, they might be integrated, corrupted, and swallowed. If they do not, how can they perform their new task of participating in the shaping of the country's economic policy?

Confusion and ambiguity were written into the historic contract. On the one hand, the labor unions promise not to play a political role. On the other, they are supposed to influence such highly political decisions as the distribution of the national income between consumption and accumulation, the use of the social consumption fund, wage policy, and so on. The scope for confusion is great. So is the room for provocation. In its efforts to recover supremacy not only on paper, the Party will do everything in its power to divide, to split the intellectuals and students from the workers. While some will be doing it consciously, many will play with fire unwittingly.

Nobody is trying to suggest that, having cleared a fantastic hurdle, the workers will now advance easily and safely. But the reason why nobody can really predict the chances of success is basically optimistic. The Polish workers have entered unknown territory. They are moving ahead on an uncharted road. Who

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would have guessed in July—nay, in mid-August—that they would win, peacefully and so soon, the right to strike and to organize as a class?

Western observers have been bewitched and bewildered by the glorious Polish summer. I am not talking here about the servants of the establishment who love strikes if they are staged on the other side of the Elbe. I mean the Western left, and I think there is some justification. What do you do with a movement which starts, as the Gdansk strike did, to the tunes of both the *International* and the religious-patriotic hymn to God who has protected Poland over the centuries? Lenin, whose statue was unmolested but also ignored, would have been puzzled by the praying strikers, though with his proverbial realism he would have discerned the hard core of class struggle beneath the religious veneer.

No. Let us leave Lenin out of it and stop seeking consolation in facile metaphor. It was not a veneer. It was a coating, too heavy for my liking. To put it plainly, I too would have preferred, if they had to be inspired by a compatriot, that the Polish workers should have picked Rosa Luxemburg rather than Pope John-Paul II. I too was perturbed, as I watched a Walesa interview, not so much by the crucifix as by the portrait of Pilsudski in the background. What do you do when the events and heroes of current history do not conform exactly to the desired or expected shape? Do you curse the ironies of history, sulk, and withdraw to cultivate your own garden? Or do you attempt to understand the reason why, and try to influence, however slightly, the course of events?

Above all, the Polish summer justifies reasoned hope rather than sulking. Though the red mole may weave unexpected patterns and assume strange disguises, it is digging, digging fast, and moving in the right direction. Whatever may happen now, the eight weeks which reached their climax with the signing of the Gdansk compromises are a vital episode in the revival of a labor movement. They already mark a historic date for Poland, for the Soviet bloc—and for us.

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THE WORLD BANK AND THE SMALL FARMER

BY CHERYL PAYER

The problem of rural poverty in the Third World is severe. Millions of men and women farm tiny parcels of poor or exhausted soils inadequate to support them at a decent level. Millions more work as tenants, paying a large proportion of their produce to nonworking landowners, or as laborers who have no land of their own to farm and who must sell their labor for a pittance on a daily or seasonal basis. Still more millions have been driven to seek a precarious existence in city slums because they find no possibility of supporting life in the countryside.

The cartel of international development institutions led by the World Bank proposes agricultural "modernization" as the only possible solution to this spectacle of misery. Massive transfers of capital, in the form of fertilizers, pesticides, earth-moving equipment, construction materials, and expensive foreign consultants will enable the soils of the Third World to grow more. And if the distribution of this produce is so unequal that it is itself a cause of poverty, as is generally recognized, then this "arsenal" of modern inputs and techniques will be aimed more precisely at "target" groups of the rural poor, thus enabling them to emulate their well-to-do neighbors by becoming "modern" on a miniature scale.

Posing as champions of the small farmer, the World Bank and most other bilateral and multilateral "development" agen-

Cheryl Payer is the author of *The Debt Trap* (Monthly Review Press, 1974).

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cies are in fact a major part of the problem of rural poverty. As this paper will demonstrate, the real purpose of their policies and projects is not the abolition of poverty or even the improvement of the lives of poor people, but the appropriation of their land for production to serve the rich markets of North America, Western Europe, Japan, and the elites of their own capital cities. The new wrinkle of this modernization strategy is the appreciation by the international development policy-makers that it may be more efficient, even in capitalist terms, to allow small farmers to remain on their land—as supervised, unfree labor—than to run large farms and plantations with a hired labor force.

Peasants will be forced to "develop" despite themselves, with little choice in the matter. But even while this new strategy is applied sporadically, large numbers of peasants are being evicted from their lands in the name of development—not just the creation of new and larger farms, but the building of dams, roads, tourist complexes, and mines (all of which are financed by the World Bank and its affiliates) which continues to eat up small peasant holdings and sends their proprietors into city slums. And those farmers who are allowed to remain will be virtual development peons—controlled by coercive, manipulative, and, all too often, ignorant developers so that they will deliver their surplus, in the form of produce to multinational traders, in the form of payments to the international corporations which sell farm machinery, chemicals, and management services, and in the form of taxes to their national elites.

Who Are the Poor, and How Did They Get That Way?

Robert S. McNamara, the current president of the World Bank, has given some very moving speeches about the devastating effect of poverty in limiting the development of human potential. But if we examine more closely the Bank's efforts to define poverty and identify the poor which it intends to "aid," it becomes clear that its programs are not designed to reach the "poorest of the poor."

In its projects the Bank has found it easiest to devise a way to assist the poor with "some tangible assets, however meager

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(a small farm, a cottage industry, or a small-scale commercial operation in the urban centers)."[1]* But the people who own tangible assets such as land are not the poorest of the poor; they are more likely to be hirers of labor themselves. The stress on tangible assets might even lead us to suspect that the Bank and its sponsors are more interested in the assets than in their owners, particularly when the assets are arable land.

Despite some efforts on the part of Bank intellectuals to devise ways of reaching the very poor—those with no tangible assets—they have found no satisfactory answers within their capitalist framework. Only regular, decently paid employment can be a solution to the poverty of the landless; and while the Bank has announced a few token employment-creating projects, it has more typically exerted its influence to keep wage levels low in order to encourage foreign investment and export enterprises. A good example is provided by this passage from the Bank's country report on Papua New Guinea of July 14, 1976:

> . . . continuously increasing wages without increased labor productivity may hamper Papua New Guinea's agricultural export growth by reducing its competitive strength vis-à-vis other exporters of traditional agricultural products. The Government is, however, becoming increasingly aware of this problem [and has] assured the mission that it will continue to advocate wage restraint in the interest of satisfactory growth of Papua New Guinea's agricultural exports. (Annex 1, page 4)

Similarly, the Bank's analysis of poverty is designed to obscure the real reasons for that heart-rending deprivation upon which it builds its humanitarian appeal. "Throughout the developing world, the rural poor have neither shared adequately in their country's progress, nor have themselves been able to contribute significantly to it. Their destitution has in effect ruled them out of the entire development process," according to a typical formulation of Bank President McNamara.[2]

In the Bank's paradigm, people are poor not because they have been crowded off the best lands in their country or deprived of land altogether by rich elites and foreign agribusiness. Ignoring the historical, and in many cases quite recent, origins of inequality and poverty, McNamara's rhetoric assumes that the

* Notes will be found at the end of the article.

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poor are poor because they have been "left behind" or "ignored" by their country's progress, when in fact most are poor because they are the *victims* of that so-called progress. Despite McNamara's words, the poor have contributed the most to that progress: they have contributed (unwillingly) lands which they could be tilling if they had not been taken over by large, often foreign, commercial farmers; and they are thereby condemned to contribute their labor, insofar as it is still needed, to those large farms. Their destitution has not "ruled them out" of the development process; the development process is responsible for their destitution.

The Bank measures wealth and poverty by the standard of per capita cash income. Aside from the nearly insuperable difficulties of measuring national income (let alone income distribution) in countries where a significant part of the population grows its own supplies and trades outside the cash economy, such a definition evades the most important questions which should be asked about relative and absolute poverty.

The Attack on Self-Provisioning Peasantries

There are still large areas of the world where the farming population participates in the cash economy only marginally, growing the bulk of their own food needs in small plots on which a large variety of plants are grown intercropped, or herding animals which supply protein foods and a small surplus for trade. Such areas are found in fairly wide regions of Africa and Oceania, with smaller pockets in relatively remote parts of Latin America and Asia peopled mainly by cultural minorities. The income of such people is low in cash terms, but this does not necessarily mean that they are deprived of basic necessities, or consider themselves poor and in need of "development."

The comment in the previously quoted World Bank report on the native farmers of Papua New Guinea (PNG) is especially revealing in this respect:

> A characteristic of PNG's subsistence agriculture is its relative richness: over much of the country nature's bounty produces enough to eat with relatively little expenditure of effort. The root crops that dominate subsistence farming are "plant and wait" crops, requiring little disciplined cultivation. . . . Until enough subsistence farmers have their traditional life styles changed by the

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growth of new consumption wants, this labor constraint may make it difficult to introduce new crops.[3]

To be sure, not all self-provisioning farmers exist in such a happy state of primitive affluence. Most, it may be surmised, work long hard seasons on poor and difficult soils—in large part because the better lands have already been appropriated for commercial agriculture. But most small farmers the world over treasure their independence. It must be stressed that they are *not* isolated from markets linking them to the national, and even the international, economy. Some part of their crops they may have to sell in order to pay taxes and rent, but otherwise they participate in these markets on a relatively small scale and voluntarily, trading for the few outside amenities which they need or fancy—metal tools, china teapots, plastic shoes, cloth—while still relying on their own plots to provide the bulk of their diet. They are not dependent on the market for the near-totality of their sustenance, as "modern" people are.

While it is not claimed that their situation is idyllic, these are by no means the most severely disadvantaged inhabitants of the Third World. But, in the current language of the World Bank, "subsistence" farming has become the symbol of poverty, a bugbear to be attacked and overcome. When poverty is defined in terms of money income, subsistence farmers are automatically included because cash income and expenditures are low. But in a poor country, a subsistence farmer with an annual cash income of only $100 a year may well be leading a more comfortable and healthy life than a family in an American slum with a cash income of several thousand dollars.

The Destruction of Subsistence Farming

World Bank policy statements make it clear that the real aim of its smallholder programs is the destruction of what is left of subsistence production and the integration of all agricultural lands into the commercial sector through the production of a "marketable surplus" of cash crops for the domestic market or for export.

"Rural development," states the sector policy paper of that name, "is concerned with the modernization and monetization of rural society, and with its *transition from traditional*

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isolation to integration with the national economy" which in turn is closely integrated with the international economy.[4] It aims at "greater interaction between the modern and traditional sectors, especially in the form of increased trade in farm produce and in technical inputs and services."[5] Agricultural credit, according to the sector policy paper with that name, is especially important to small farmers "if they are to produce a marketable surplus and thereby contribute to the development process."[6] "The Bank will continue to support special project authorities, such as those created in limited areas of Africa, *as instruments to draw farmers from subsistence to commercial agriculture.*"[7] The Bank's Director of Agriculture and Rural Development stated the purpose baldly when he wrote: "The traditional, small-farm sector would have to become the producer of an agricultural surplus rather than the provider of surplus labor, as it had been in the past."[8]

This incessant emphasis on drawing poor people into the market economy evades the question as to whether these people are really most in need of this kind of help, and whether they wish to be dragged into a dependence on the market.

For the small farmers *do* resist—sometimes actively, by sniping at the project officers when they arrive, but far more often passively, through a lack of interest in the improvements which development experts are eager to thrust upon them. It might even be said that the problems of how to motivate peasants to "modernize" is the chief burden of agricultural development literature. This traditionalism would indeed be self-defeating if the proffered development truly promised a better life for all. It is more likely that in most cases the small farmer takes a close look at what is offered, weighs it against his or her present situation, and finds it wanting.

Commercial farming means risks, additional to the natural phenomena which are intrinsic risks of farming anywhere:[9] the risks of market prices that fluctuate according to happenings in other parts of the globe, of input prices that may not be commensurate with the increased output, of increased vulnerability to pests when uniform genetic stock is used, and so forth. The Bank has two answers to this problem: first, agricultural change depends on farmers accepting "the risk associated with increas-

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ing their output";[10] second, to manipulate the variables so as to conceal from the farmers the real extent of the risk. Price guarantees and input subsidies are the most common form of this manipulation. If such measures could effectively insulate the small farmer against risk, there would be nothing to criticize here, but such policies cannot be sustained by governments, especially capital-short governments, over the long run; and once the farmers are effectively hooked into the market the subsidies may be withdrawn.[11] Is it any wonder that farmers who are urged to accept the risk of cash farming see a gamble in which a few may win but the majority are likely to lose what they have?

Persuasion and Coercion: How the Projects Work

There are two basic types of agricultural projects, no matter who finances them. These two types have been called the "transformation" approach and the "improvement" approach. The idea behind the transformation approach is that conservative peasants must be uprooted from their customary institutions and placed in a transformed setting in order to revolutionize their production practices. The main lever is control over land tenure, and the coercive aspects of this method are apparent.

Settlement projects employ the transformation approach. In these projects, a site is selected which agricultural experts believe can be more intensively cultivated. The land is then acquired by the government through its powers of eminent domain, and the people who have been cultivating or pasturing animals or hunting on that land are evicted or fenced out of the area to be developed. "In most countries, although land taken for settlement may not actually appear to be in use, customary rights of use are usually claimed over it. This is particularly the case in Africa where many settlement schemes have given rise to permanent conflict between customary and statutory rights."[12]

If the evicted farmers are identifiable and have established rights to the soil, they may be "compensated" by the offer of a place in the new settlement scheme.[13] The rest, and those who do not want to be turned into settlers, are simply out of luck. The potential for ethnic conflicts is high when settlers taken from one part of the country are moved into an area previously occupied by a different group.[14]

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Let us now follow the fate of the farmer who was evicted from the settlement area and given a place in the new project, assuming this time that the project is well planned and has a chance of success on its own terms. The new settlers are under the strict supervision of the project authority, which has built the necessary roads, irrigation works, central buildings, and has staked out the individual plots. The farmer is instructed what crops to plant, supplied with the seeds, fertilizer, and pesticides which the experts have prescribed, and strictly supervised to make sure that planting, weeding, and harvesting are done at the right time and in the approved manner. At harvest the crop will be delivered to the project authority, and the farmer will be paid an amount calculated from prices set by the project management, less the costs of inputs and an amount for the amortization of the capital cost of the settlement infrastructure. Costs of management will also be deducted. Depending on the project, the farmer may receive title to his plot when and if the investment costs are finally paid off. For the most part, however, the land is leased to the settlers, and those who refuse to follow the directives of the project management may lose their lease.[15] In such projects commercialization is strictly enforced.

It is not coincidental that the Bank's new interest in the productive potential of the small farmer comes just at the time when large agribusiness firms are realizing that their future lies not in the direct ownership of vast tracts of land, but in control over production through contracts with producer-suppliers (and, at the other end, control over markets). Direct ownership of land ties up large amounts of capital, exposes the owner to the risks endemic in agricultural production, requires the control of a concentrated, often unionized labor force, and runs the risk of nationalization.[16] Supervised smallholder production, on the other hand, throws much of the risk onto the farmer, and is a cheaper way to obtain the labor of an entire family.[17]

Smallholders and Plantation Crops

This is best illustrated by a particular type of settlement project, the "outgrower" schemes associated with "nucleus estates." Certain crops, which in the past were grown only on plan-

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tations, because tight control of cultivation practices and speedy delivery to the processing plant were imperative, are now grown by smallholders clustered around a smaller plantation and processing plant run by a company which provides technical supervision, inputs, and processing for the outgrowers, who have to sell their crops through the company. By 1975 the Bank had supported tea projects in Indonesia, Kenya, Mauritania, and Uganda; rubber in Indonesia and Malaysia; cocoa in the Ivory Coast; and oil palm in Nigeria.[18] The extension and supervision functions are performed by private companies with the technical expertise required—the same companies which also have an interest in the purchasing and marketing of the commodity.[19]

A subsidiary of Michelin, for example, is managing a new rubber outgrower project in the Ivory Coast. In many projects, however, the real control is difficult to trace because private capital is associated with partial government ownership, as in the Ivory Coast where the two corporations managing the palm oil industry (which has received *seven* World Bank loans), Palmivoire and Palmindustrie, are 60 percent and 27.6 percent privately owned, respectively. In addition to the outgrower project, direct loans to traditional plantations are still made, for example the May 1978 loan for the rehabilitation of oil palm production in Zaire, in which some 70 percent of the benefits will go to Unilever's estate. Smallholder participation in this scheme is planned in the future.[20]

Area Development Projects

The other type of approach to rural development has been called the "improvement" approach. In this method rural society is not picked up bodily and turned around as in settlement projects, but is rather taken *in situ* with the land-tenure situation accepted as it is found. Peasants are to be persuaded by rural-development agents to adopt the modern inputs and new crops which will enable them to produce a larger surplus for the market. While some country-wide projects are funded (typically involving the strengthening of some government body in the agriculture sector), the more usual Bank project concentrates on a comparatively small area, which is then saturated with extension agents and credit for the recommended inputs.

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This approach would at least seem to be less coercive and *dirigiste* than the settlement schemes, but there are many problems. Some of these problems will thwart the Bank's intention of transforming traditional agriculture, but others ensure that insofar as agriculture is transformed, the problem of poverty will worsen for most people in the area.

For one, the small farmer may have little choice in the matter. Credit is often extended to groupings of peasants in cooperatives whose primary function seems to be mutual responsibility for the repayment of loans. A close investigation of some of these credit groupings might reveal that adherence is not a strictly voluntary matter (more research is needed on the constitution of such groups). Once a farmer agrees to participate in a credit program, the conditions attached to the loan are nearly as stringent as those enforced in settlement projects. Use of prescribed inputs is enforced by the delivery of credit in the form of already purchased fertilizers, seeds, machinery, etc., rather than in cash. Participation in insurance programs may be mandatory; delivery of crops to the project authority or a government purchasing agency is usually required. Sowing, spraying, and harvesting practices are specified. The price of inputs and services are charged to the peasant's account, so that he has no real opportunity to make his own cost-benefit calculations before discovering the sums that have been deducted from the payment due him on delivery of the harvest. Insurance payments for crop losses may be denied if the farmer has not strictly followed the instructions of the extension agents and the credit-issuing bank; nonrepayment of credits can be legally punished by taking over the farmer's land (by the Bank or the peasants' credit organization).

All these strictures were found in the Bank-financed Papaloapan Basin Project (Mexico) studied by Hannes Lorenzen, who found also that the peasants reacted with a variety of measures of passive resistance: disinterest in meetings called to explain technical measures, diversion and resale of the inputs supplied in kind, even bribery of the supervisors charged with enforcing the cultivation practices, and finally withdrawal into subsistence farming with which they were familiar. Lorenzen concluded: "That which the engineers unanimously characterize

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as 'stubborn, backward, and immoral' is actually simple economic behavior: If the technology is profitable I will use it, but when its costs exceed my earnings I must refuse to pay for it."[21]

Another problem which has been pointed out by many critics is that the areas selected for projects tend to be those that are best provided with land and water resources in the first place —the practice of "building on the best" which is typical of capitalist development. To the natural advantages of the chosen area are added the massive insertion of extension advice and monetary credit, creating an area which is not just advantaged, but "pampered." There is typically a high ratio of extension agents to farmers in Bank project areas.[22] The effect, if the project is successful, will be to sharpen regional inequalities in the country.

Worse than this is the problem within the selected area itself. We can identify two varieties here: the inequality existing when the Bank project begins, and that which the project itself will create. The first type of inequality is not caused by the Bank, but neither is it challenged by the Bank. Although here and there in the Bank literature we find some timid admissions that elites may have some interest in preventing the emancipation of their vassals, the predominant official view is that rich and poor coexist peacefully within rural society and that both small and large farmers can profit from the adoption of modern techniques proportionally to their ownership of land (a hefty source of inequality to begin with). This assumption allows the Bank to count as poor "beneficiaries" of its projects everyone who lives within the targeted area, regardless of the actual effects of the project. According to the Bank's Director of Agriculture and Rural Development, Montague Yudelman:

> Area development projects . . . are for the purpose of developing large areas, which are chosen because per capita incomes are below average and the rating by social indicators is low. The underlying assumption of the area approach, which is typified by the introduction of infrastructure and rural services, is that most of the benefits (though not all) will go to the target group. In the main, most people who live in areas in which average incomes are low and which are generally deprived of social infrastructure tend to be poor themselves.[23]

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This is circular logic, and wilfully blind politics. But in this way the poor to be "helped" by a given program can be impressively represented in numerical terms, even though a much smaller number of wealthier residents will get a larger share of the benefits.

The Bank refuses to recognize that the poor are connected to the wealthy by bonds of exploitation, seeing instead only their physical proximity:

> In most cases . . . the poor are found living alongside the prosperous. They sometimes suffer from limited access to natural resources. But more frequently they suffer because they have little access to technology and services, and because the institutions which would sustain a higher level of productivity are lacking.[24]

But the problem is even worse, as some case studies show. Bangladesh is a country which contains a large number of the "absolute poor" about whom McNamara speaks so eloquently, and it is a large recipient of soft-term IDA loans from the Bank. Half of World Bank project loans to Bangladesh (one-quarter of total loans) are for agriculture and rural development.

Two Americans who lived for several months in a Bangladesh village have described the local effect of an irrigation project which was designed to benefit both large and small farmers:

> Project aid reached our village in the form of a deep tubewell, one of 3,000 installed in northwestern Bangladesh in an IDA project. The tubewell, designed to produce enough water to irrigate 60 acres of land, is a valuable asset, for with irrigation farmers can grow an extra rice crop during the dry winter season. Irrigation also insures the regular spring and monsoon season crops against drought, and allows earlier plantings which reduce the risk of flood damage.[25]

In theory the tubewells were supposed to be purchased and used by 25 to 50 farmers grouped into cooperatives formed for this purpose. "But in reality, the tubewell in our village was considered the personal property of one man: Nafis, the biggest landlord of the area. The irrigation group, of which Nafis was supposedly the manager, was in fact no more than a few signatures he had collected on a scrap of paper."[26]

Nafis got the $12,000 tubewell by spending about $300 in bribes to local officials and installed it in the middle of his own

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30-acre tract. This is only half the size of the area capacity of the tubewell, but the price Nafis planned to charge neighboring small farmers for use of the water is so high that the well will not be used to its full capacity. Nafis is the *only* beneficiary of the project in his village, and he will probably use his enhanced income to purchase plots to add to his own, driving the previous owners into landlessness.

World Bank officials may privately deplore the fact that the governments with and through which they must work are not committed to the cause of helping the rural poor, but their lament must be seen in perspective. Fully half of World Bank loans to Bangladesh are not project loans, but "commodity aid," in other words a program loan to the Bangladesh government which will collect the receipts from sales of the commodities imported under the loan. The purpose of program loans is simply to support and strengthen the recipient government, in this case a government intimately allied with local landlords such as Nafis. So, while gently deploring the subversion of its good intentions by local elites and the lack of government interest in rural reform, the Bank is one of the most important forces ensuring the survival of that government and those rural elites.

The Genesis of Inequality

In a situation of pre-existing inequality the rural elites will prevent their vassals from utilizing credit if they cannot find ways of appropriating the benefits themselves. In areas where rural class differentiations are not yet large, Bank methods pose a different problem: that of encouraging and intensifying class differentiation into a layer of landlords or labor-hiring kulaks on the one hand and expropriated landless laborers on the other.

In area development programs, acceptance of the experts' advice is, in theory, voluntary. It is probably impossible for extension workers to reach all of the thousands of small plots included in an area development program, even if the ratio of extension workers to farmers is much more favorable than in the rest of the country. And, for good or bad reasons not all the farmers in an area will be receptive to the experts' advice. But there will be in most societies a small minority of rural entre-

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preneurs who foresee an advantage for themselves in becoming the pioneers of commercial agriculture. And, whether they are genuinely good and efficient farmers or simply well-connected local opportunists, it is inevitable that this small group of so-called "progressive" or "master" farmers will have first claim on the attention of extension agents and credit from the banks.[27] The comfortable assumption of the Bank policy-makers and the extension workers is that the success of these pioneers will have a demonstration effect which will persuade the laggards to adopt new methods.

What is happening, in reality, is that this small minority of farmers, insofar as they are successful, acquire more land from their less "progressive" and less fortunate neighbors, subsequently hiring the latter to do the work which becomes inconsistent with their social status as they become wealthier. This process, which has been well documented in many countries for the first years of the so-called "Green Revolution," is now being extended into new, previously undeveloped areas cultivated by small farmers.[28]

In one of the great ironies of the development process, the Bank moves into areas where class differentiation is small and the possibility of genuinely helping smallholders seems much greater than in more stratified areas—and through its methods ensures that the undeveloped society will evolve the kind of social structure which renders any help to smallholders impossible, which may in fact create absolute poverty where it did not previously exist, and possibly even wipe out smallholders as a class.

"Land Reform"—World Bank Style

It is significant that the only type of land-tenure reform which the World Bank actively supports with funds is the registration of land under customary tenure, where every family has a right to a plot of land, to individual private ownership. This measure (currently underway in Malawi, previously funded by Bank loans to Rhodesia and the colonial government of Kenya) is rationalized as providing "security" to the farm owner, facilitating greater capital investment in the land. In reality, it destroys the security of the customary tenure arrangements,

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allowing land to be bought and sold, and thus alienated to absentee landlords who will certainly want to deliver a surplus to the market. It also permits the government to apply tax rates which will force the better land to be used for cash crops rather than subsistence agriculture.[29]

So we have arrived, by a different route, at the same result achieved directly in settlement schemes: the subsistence farmer is forced to go commercial, producing crops for the cities and the world market, on pain of losing his or her land to those who are doing so. The fiat of the project authority is replaced here by government taxation policies and by the "impersonal" market mechanism, which some people always know how to manipulate better than others.

Colonial governments, from the beginning of their rule, tried to draw peasant agriculturalists into producing commodities for export and for urban markets. When peasants could not be enticed into the market with the bait of imported consumer goods, less voluntary methods such as forced cultivation, corvée labor, and money taxes were imposed. Now the World Bank is promoting the same process with agricultural credit—which has to be repaid in cash or marketable commodities—as the instrument. Although the land each smallholder owns is small, collectively the total is significant. Rural-development and agricultural-credit programs are the tools with which the Bank can supervise the integration of this land and the people who live on it into the commercial economy. But they are no solutions to the problem of rural poverty, because in truth they represent a wider extension of the very process of "modernization" which is a major cause of poverty in today's world.

NOTES

1. Mahbub ul Haq, "Changing Emphasis of the Bank's Lending Policies," *Finance and Development,* vol. 15 (June 1978), no. 2, p. 13.
2. World Bank press release no. 75/34.
3. World Bank country report, *Papua New Guinea: Economic Situation and Development Prospects* (July 14, 1976), p. 18.
4. *Rural Development: Sector Policy Paper* (World Bank, 1975), p. 3.
5. *Ibid.,* p. 16.
6. *Agricultural Credit: Sector Policy Paper* (World Bank, 1975), p. 5.
7. *Ibid.,* p. 20.

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8. Montague Yudelman, "Agriculture in Integrated Rural Development: The Experience of the World Bank," *Food Policy* (November 1976), p. 369.
9. Irrigation is an exception to this generalization if its benefits are accessible at reasonable cost to the small farmer. In practice this is seldom the case.
10. Yudelman, *op. cit.*, p. 374.
11. On the day this paragraph was first drafted, a *New York Times* article reported a "rice glut" in Asia, with governments forced to sell surplus rice at prices much lower than they paid farmers to encourage production. James P. Sterba, "A Bounty of Rice in Asia: Forecast Disproved by Crop Surplus" (April 4, 1979).
12. John Higgs, "Land Settlement in Africa and the Near East: Some Recent Experiences," *Land Reform, Land Settlement and Cooperatives* (1978), no. 2, p. 13.
13. For example see the Loan Agreement (Rural Development Project) between Jamaica and the IBRD (Loan #1484 JM), June 29, 1977. World Bank loan agreements are published in the UN Treaty Series.
14. The "religious" secessionist war of the Moro Liberation Front in the Southern Philippines is actually a land war, a legacy of the settler schemes of Philippine President Magsaysay who gave away Muslim land in Mindanao to the land-hungry peasants who had supported the Hukbalahap movement in Central Luzon.
15. See note 13.
16. Frances Moore Lappé and Joseph Collins, *Food First* (New York: Houghton Mifflin, 1977), chapter 34.
17. "With all highly labor-intensive crops, at the present stage of economic growth in the developing countries, smallholdings have the advantage of lower labor costs." H. Blume, *Organizational Aspects of Agro-industrial Development Agencies* (Munich: Weltforum Verlag, 1971), p. 30.
18. *Land Reform: Sector Policy Paper* (World Bank, 1975), p. 44.
19. *Agricultural Credit: Sector Policy Paper* (World Bank, 1975), p. 37.
20. World Bank, Project Appraisal, Oil Palm Development Project, (Zaire) 1978.
21. Hannes Lorenzen, unpublished thesis on the Papaloapan Basin project (Mexico) (University of Bielefeld, 1979).
22. In Malawi's Lilongwe Development Project, for example, the ratio of farmers to extension agents inside the project was 250:1 while outside the project the ratio was 2000:1. Jaap Mieuwenhuize, *Investeringen van de Wereldbank in de landbouw, en haar "strijd" tegen de armoede in Malawi* (Wageningen: De Uitbuyt, 1975), p. 41.
23. Yudelman, *op. cit.* (note 8), p. 377.
24. *Rural Development: Sector Policy Paper*, p. 21.
25. Betsy Hartmann and James Boyce, "Bangladesh: Aid to the Needy?" *International Policy Report*, Center for International Policy, Washington, vol. 4 (May 1978), no. 1, p. 6.
26. *Ibid.*
27. This has happened to agriculture in the richer countries as well. For the United States in the 1940s and 1950s, see Grant McConnell, *The Decline of Agrarian Democracy* (New York: Atheneum, 1969).

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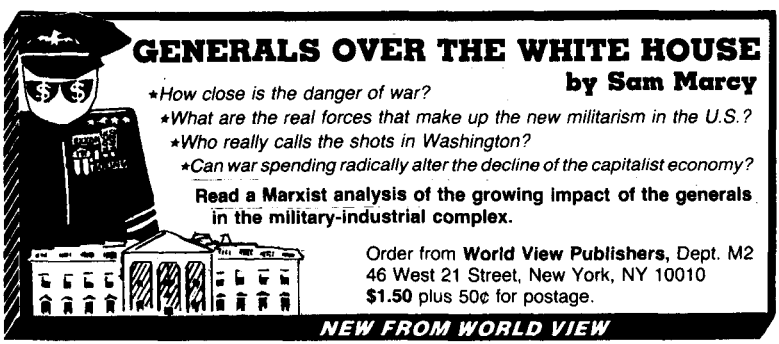
28. Ernest Feder has predicted and described this process in several articles, including "Capitalism's Last-Ditch Effort to Save Underdeveloped Agricultures: International Agribusiness, the World Bank, and the Rural Poor," *Journal of Contemporary Asia,* vol. 7 (1977), no. 1, pp. 56-78.
29. The rationale of this process is described in two books authored by Bank officials. The most explicit and lucid statement, including an admission that this will inevitably create a renter and a rentier class, is found in Montague Yudelman, *Africans on the Land,* Harvard University Center for International Affairs, published in 1964 before he joined the Bank staff. Yudelman is now Director of Agriculture and Rural Development. The other book is Andrew Kamarck, *The Economics of African Development* (New York: Praeger, rev. ed. 1971), pp. 144-147.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BOOKS

BORN-AGAIN CAPITALISM?

By Frederick L. Schuman

The Myth of Capitalism Reborn: A Marxist Critique of Theories of Capitalist Restoration in the USSR, by Michael Goldfield and Melvin Rothenberg. Published by the Soviet Union Study Project, 1980; distributed by Line of March Publications, The Institute for Scientific Socialism, 964 Valencia St., San Francisco, CA 94110. 118 pages, $3.95.

This first book, but assuredly not the last, of its two co-authors is most valuable in itself and is further remarkable in that Michael Goldfield and Melvin Rothenberg are blue-collar workers *and* scholars and writers of distinction. This study is fully documented, ably argued, and written in a style of unusual clarity, precision, and grace. It deserves the careful attention of all readers of MONTHLY REVIEW and, indeed, of all who deem themselves, in whole or in part, "socialists" of any variety.

Goldfield and Rothenberg direct their thesis primarily toward those Marxists (Maoists, Titoists, Trotskyists, Social Democrats, Laborists, *et al.*) some of whom contend that in the USSR "capitalism" has somehow been restored. *The New Class* by Milovan Djilas is not discussed, despite its wide praise in the Western press, no doubt because its central contention is implausible and untenable. Brilliant is the word for the book's refutation of Charles Bettelheim who has concluded that the Russian, the Chinese, and

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Frederick Schuman, now retired, has taught political science at the University of Chicago, Williams College, and Portland (Oregon) State University. He is the distinguished author of many books on the USSR, Nazi Germany, and on international relations in general.

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perhaps all other Marxists (except Bettelheim) have betrayed Marxism. Equally incisive and penetrating are the criticisms of the Chinese myth of the Soviet "restoration of capitalism," and the useful survey, based on the best available sources, of the development of the socialist economy of the Soviet Union. Much can be learned from these pages by the Marxist dissenters—unless the "Will to Believe," as William James called it (including belief in absurdities), must continue to prevail over the evidence.

Even more might be learned by American cold warriors who insist that the Soviet economy is a dismal failure, while nonetheless depicting the USSR as a formidable menace by virtue of having become the second most productive industrial economy in the world and the second (or first) military power on the planet. As long ago as December 6, 1923, not-so-silent Calvin Coolidge ("The business of America is business") told Congress: "Already encouraging evidences of returning to the ancient ways of society can be detected. But more are needed. . . . Whenever there appear works meet for repentance, our country ought to be the first to go to the economic and moral rescue of Russia." This time-honored folklore is with us yet. Its custodians are unlikely to make this book "required reading." Deception and self-deception are more comforting.

The issue here posed may be approached without semantic or scholastic hair-splitting over definitions of "capitalism"—a practice indulged in by too many Marxists, but scrupulously avoided by Goldfield and Rothenberg. Who are the alleged "capitalists" in the USSR? In *The New Yorker* of July 7, 1980, Andrea Lee (possibly a pen-name; her exact identity is unclear), in the second of two articles, "Russian Journal," refers to Victor Louis as a "Soviet millionaire" and describes his luxurious estate and household where she and her husband were Christmas guests. There may be other "millionaires" at the top levels of the arts, sciences, and professions. Not even the most ardent spokesmen for Moscow have ever claimed equality of incomes in Soviet society. The gap between richest and poorest, however, is less than in the capitalist West or in most of the Third World. Are any of the wealthy in the USSR "capitalists"?

By common consent, a "capitalist" is one who lives off the income of inherited or acquired riches—interest, rent, stock dividends, etc.—and/or a managerial entrepreneur enjoying the profits of privately owned business conducted for private profit. Are there any candidates for the honor in Sovietland? Not among

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the few "millionaires" whose incomes are earned by their contributions to the society and the economy. Perhaps members of collective or state farms whose "private plots" produce harvests sold at competitive prices in urban farmers' markets. Possibly a few black marketeers who buy and sell goods or services or exchange currencies in violation of Soviet law. Critics and dissenters seldom note other aspects of the Soviet scheme of things which may seem to suggest "capitalist" practices: savings accounts in banks, state bonds offering lottery prizes, bonuses and other rewards for special achievements in productivity, luxury stores where prices are high and goods are sold only for *valuta* or foreign currency.

The Myth of Capitalism Reborn throws new light on some of these matters, none of which constitutes a "restoration of capitalism," nor do all of them taken together. Farmers do not "own" their private plots. They cannot sell, buy, or rent them, nor hire other workers to till them. The "free market" for these crops is a useful supplement to the socialized agrarian economy. Lottery bonds take cognizance of the universal human propensity to gamble on getting something for nothing through luck. Receipts, along with private savings accounts, play a minor role in the total balance of planned savings and investments in Soviet socialism. Conspicuous by their absence are stocks and bonds of private corporations sold to private purchasers for dividends, interest, or speculation.

There is little incentive for private saving against a "rainy day" in a society where the costs of illness, accident, disability, unemployment, and old age are all socialized with no personal expense to individuals or families. The attendant abuses of "bureaucracy"—ancient and ubiquitous—have not seemed to Soviet citizens too high a price to pay for the benefits of a stable and flourishing system for the production and distribution of goods and services, relatively inflation-proof and depression-proof, offering ever-rising living standards and protection against the usual hazards of the human condition.

In short, Goldfield and Rothenberg have "proved their case," however much the proof may be ignored or denied by skeptics, cynics, and inveterate enemies of the Soviet Union. Fear and hatred in many instances are not fruits of love of "freedom" and abhorrence of "totalitarianism" but products of doubts about "capitalism," the impressive record of which is mixed and the prospects of which are at best uncertain and at worst catastrophic.

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Despite the appalling price of victory in the Second World War and continuing mistakes, failures, and problems of all kinds, the Soviet Union is a relatively healthy society, dedicated to a demonstrably viable program of socialism.

As for the ultimate goal of "communism," this remains a "far-off, divine event," perhaps to be approached but never attained. Here is not only a dream of Marx, Engels, and Lenin but a far older vision of a cooperative commonwealth, classless, stateless, possibly moneyless, in which ancient evils will be no more and the willing toil of each will contribute to the well-being of all. Its shadowy lineaments are still obscure. Some are perhaps suggested by two references (unacknowledged as to source) to the New Testament in the Soviet Constitution. "For even when we were with you, this we commanded you, that if any would not work, neither should he eat." (St. Paul, *Thessalonians,* 3:10) All property was shared "and distribution was made to every man according as he had need." (*Acts,* 4:35)

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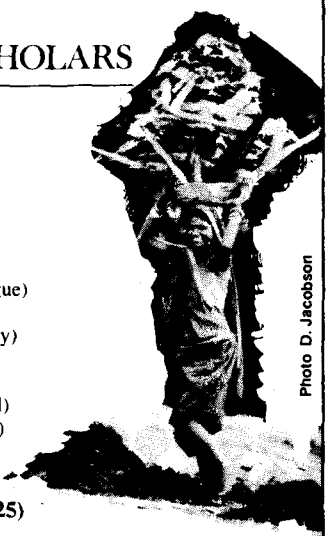
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CORRESPONDENCE

FOR A NEW LOOK AT THE GLOBAL SITUATION

By Hugh Deane

James Petras's article on the revival of U.S. interventionism (MR, February 1980) seems to me an impressive exercise in undialectics. He manages not to mention the Soviet Union even once. The strategic situation would be a lot simpler if it were not for the existence of a great degenerated revolution on the offensive, but it is a reality events are calling to our attention.

While Petras's appraisal is grievously flawed by silence on the Soviet factor, some of its formulations add to the evidence of its inadequacy.

In the case of Vietnam, Petras writes, the United States "has been able to change its image from being the source of destruction and hence internationally isolated to being the virtuous humanitarian saving fleeing refugees. From being attacked for its crimes in Vietnam, the United States has become the accuser of Vietnam over the so-called 'boat people.' "

Did Washington get any help from Hanoi in this turnabout? The crimes of the American intervention cannot be talked or filmed away, but what are we to think of a regime which forced a vast exodus on its people and which has taken over Laos and invaded Kampuchea and allied itself with the Soviet Union?

Hugh Deane is an editor and writer.

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How does this affect the struggles of the peoples of Southeast Asia and the strategic balance?

Petras mentions the "rebellion in Shaba" without observing that the rebels came from Angola. He notes the Carter administration's accelerated efforts to create a Rapid Deployment Force without reporting that the Soviet Union already has one. To which should be added that the Soviet Union has a big jump in the pre-positioning of military equipment.

Petras includes Angola, Ethiopia, and even Afghanistan in a listing of revolutions. Should we not grade upheavals and turnovers, distinguishing real revolutions from "revolutions" made by imported battalions that turn into garrisons?

Petras points out that "the defeats suffered by the United States in Indochina defined a global situation of relative weakness." A dialectic development from that, which he does not explore, was the relative strength of the Soviet Union, which achieved nuclear parity in the late 1960s, gained an awesome superiority in conventional arms (including an all-ocean navy and an intercontinental strike force), and turned from the defensive to the offensive. The Soviet Union does not have a Tanaka Memorial; indeed, the Japanese militarists didn't either. But when it sees global opportunities, it ruthlessly takes advantage of them.

Evidently the United States has an expanding need of the markets, raw materials, and investment opportunities of the Third World, and that ensures certain confrontations with the proliferating liberation movements. But as more and more Third World leaderships are coming to realize, the Soviet Union is an unnatural ally which masks predatory designs with Marxist formulations of sorts.

The world is a complexity of vertical and horizontal conflicts. A great war would finish it, but the instruments of war multiply. How to change things and keep the peace? How can we deal with the exhaustion of oil and ozone without drastic social change? Things are moving at a rush, and the left cannot deal with them with the estimates of yesterday. I write principally to argue that the left has an obligation to take a hard look at the strategic situation and its grading of contradictions; and MONTHLY REVIEW, the best known and best of Marxist publications in the United States, should take the initiative and invite reassessments.

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JAMES PETRAS REPLIES

The major contradiction in the world today is not between the United States and the USSR but between the United States and the revolutionary movements in the Third World. The major wars, revolutions, and counter-revolutions have occurred in the Third World, as the examples of Korea and Vietnam attest. Among U.S. analysts of these revolutionary developments in the Third World two approaches have emerged: scholars and writers who focus on the socio-economic contradictions which generate revolutionary movements and the emergence of indigenous political leadership, intelligence analysts, and Cold Warriors who reduce all activities to the manipulation of "Soviet imperialists"—independently of the historical and empirical facts. Contrary to Hugh Deane's assertion, the Soviet Union is not on the offensive—as a number of writers have noted in recent times, including the editors of MONTHLY REVIEW (April 1980), the *Defense Monitor* (January 1980), etc. On the contrary, as I have pointed out in a recent article in the *Los Angeles Times,* the major shift in world alignments weighs heavily against the Soviet Union and Third World revolutions—namely the current Chinese leadership's *de facto* collaboration with U.S. imperialism in actively supporting the most repressive regimes and movements in the Third World—namely Pinochet in Chile, the ex-Shah of Iran, Marcos in the Philippines, Zia in Pakistan, Savimbi in Angola, Mobuto in Zaire, Sadat in Egypt, etc.

Deane's attack on Vietnam's involvement in Kampuchea leaves out some small details like the genocidal, almost universally condemned (except by China) Pol Pot regime—which murdered millions. The "exodus" from the cities began with China's ally. Most observers today, even many who were formerly sympathetic to the Chinese position, recognize that most Kampucheans welcome the Vietnamese action ridding them of the hateful regime, even if they are uneasy about the continuing presence of Vietnamese troops and fearful of their withdrawal and the return of Chinese-backed Pol Pot terrorists.

As anyone who reads the *Washington Post* or *New York Times* would know, the conditions under Mobuto in Zaire are appalling —starvation and corruption reaching unheard of proportions. The rebellious forces in Shaba (formerly Katanga) date back to the early 1960s and the struggles have roots in regionalist, nationalist,

James Petras is a frequent contributor to MONTHLY REVIEW and the author of several MR Press books.

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and populist issues and movements. The revolutionary movement in Angola, the mass struggles in Ethiopia and Afghanistan contain complex internal social forces—bourgeois nationalist, Stalinist, and revolutionary forces. The decision of the MPLA to call on Cuban support has to be placed in the context of U.S.-Chinese and South African collaboration with Holden Roberto and Savimbi. The Afghanistan revolution began as a popular urban-based revolution—opposed by the most retrograde forces in the modern world (armed by the Chinese leadership). The bureaucratic and authoritarian methods of the Taraki-Amin regime—the Stalinist approach—undercut the regime's capacity to sustain its progressive aims. *The choice is not, however, one of supporting either the Saudi-Chinese-U.S.-backed, reactionary, pre-feudal, counter-revolutionary forces or the Soviet invasion army.* As elsewhere throughout the Third World, in Nicaragua with the Sandinistas, in Iran with the Fedayee, in Grenada with the New Jewel Movement, in Eritrea with the EPLF, revolutionary movements have emerged which are challenging Chinese-backed Western imperialism, and while some accept Soviet and Cuban support, all maintain the integrity of their revolutionary struggle. The tragedy is that writers like Deane have chosen to echo the pronouncements of the Chinese Foreign Office, rather than assume the obligation of coming to grips with the confrontation between U.S. military force and revolutionary movements in the Third World.

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THE REAL NATURE OF PRODUCTIVITY

By Horace B. Davis

Your Review of the Month for June expounds a very necessary point. I was only disappointed that it did not enter further into the discussion of the real nature of productivity, and why labor so often accepts this strictly phoney measurement.

When it has been demonstrated, by statistical legerdemain or otherwise, that there has been a diminution of labor productivity, the public thinks, naturally enough, that this results from a decline in labor's effort—that laborers are not working as hard. Actually, of course, labor productivity is the result of the efforts not of labor but of management—in organizing production, using efficient methods and machines, and generally directing the process. The factor of labor's effort is completely overshadowed and lost.

But there are also some technical factors that enter into the calculation of productivity, and on which you touch only in a peripheral way. The productivity of labor is at its maximum when production is at or near capacity. It is then that overhead, including that portion of the labor force which is on salary, is at a minimum per unit of output. A slowdown of industry such as we are now experiencing increases the overhead costs per unit of output. So, it comes as no surprise that the present is a period of declining productivity as conventionally measured—or mismeasured.

Discussions of labor productivity are often mixed up with discussions of the overall efficiency of American industry, as compared with that of countries like West Germany and Japan. Scare headlines are common, to the effect that U.S. producers are falling behind in the competitive race. A little historical perspective

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Horace Davis is a labor economist and historian who has also written extensively on the subject of nationalism.

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would be helpful here. At the close of the war, U.S. industry had a big lead technically and otherwise. This gap has been narrowed: other countries have gained on the United States. This was to be expected and is in itself no cause for alarm. If U.S. inventiveness and dynamism had gone into a tailspin, that would be something else again. We would welcome your further discussion of this point.

THE EDITORS COMMENT

We agree with Horace Davis that a reduced rate of increase, and at times an actual decline, in labor productivity is a normal by-product of a slowdown in production. In fact, we discussed that factor in the earlier Review of the Month dealing with productivity (June 1979). The bourgeois clamor about declining productivity, however, refers to recent peak production periods as well as to times of recession. That is why we concentrated in the June 1980 issue of MR on the phoney aspects of the statistics themselves.

We have some reservations about Davis's statement that "labor productivity is the result of the efforts not of labor but of management." While this has validity to the extent that it is management that directs the labor process, it is also true that capital's efforts to raise productivity are not confined to new machinery and improved plant layout. Factory managers are constantly seeking ways to speed up the worker's pace and to increase the work burden by having the worker tend more machines (the stretchout). As we see it, one of the prime benefits business hopes to get from the incessant declining-productivity propaganda is moral support for additional intensification of the labor process.

Things economic and social move by their own momentum and the ensuing situations compel individuals and groups to behave in certain ways whatever they may wish to do—not indeed by destroying their freedom of choice but by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose. If this is the quintessence of Marxism then we all of us have got to be Marxists.

—Joseph A. Schumpeter

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"JAPAN IN PERSPECTIVE"—A NOTE

By Jim O'Connor

In his account of capitalist development in Japan since the Second World War (MR, February 1980), Paul Sweezy lists three factors behind "history's biggest capital-expansion boom." These are, first, the "preponderance of debt financing" which has been a "source of strength and flexibility"; second, increases in real wages which have "entailed a huge increase . . . in the internal market"; third, the growth of "the unproductive sector" which has also been a "factor in the expansion of the internal market." "Financial strength and flexibility" established favorable conditions for capital in the money circuit of capital. Increases in real wages and unproductive spending established equally favorable conditions in the commodity circuit of capital. Careful readers will note that conditions in the productive circuit of capital and the conditions of reproduction of labor power are totally ignored. This seems to me to be a major defect in an otherwise lucid analysis. It would appear that the "secret" to Japan's success is really the tight controls which capital and the Japanese state have established over production and the costs of reproducing labor power. These controls dramatically increased the system's capacity to produce relative surplus value. This political domination of capital over the labor process and working-class conditions of daily life appears to have been absolutely crucial for the success of Japanese capitalism.

The control exercised by capital and the state over the conditions of reproduction of labor power expressed itself in many ways. Some of the most important are: first, tight controls over average housing space; second, developed mass transit; third, a

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kind of "welfare capitalism" which minimized health-care costs; fourth, policies aimed at keeping meat consumption and consumption of other relatively high-cost consumer goods low. Experts on the Japanese economy doubtless could list many other factors which kept the "cost of wages," hence the *value content* of the average consumption basket, low. In addition, the extreme form of sexism which exists in Japan keeps average female wages very low, hence the *size* of the average consumption basket relatively small. Women workers are super-exploited in ways which are comparatively rare in the Western imperialist countries.

It seems to me that the real "Japanese miracle" is the story of how big capital and the state were politically able to keep both the size and value content of the average consumption basket relatively low. This would seem to be the main reason why Japan has been able to prevent the rate of profit from falling despite the fact that (as Paul Sweezy implies) the organic composition of capital increased so rapidly. I should add that this line of analysis means that much "unproductive spending" really enters into the reproduction costs of salaried (technical, management, etc.) labor power; to this degree, "unproductive spending" really reduces the amount of surplus value produced rather than "absorbing" surplus value already produced.

PAUL SWEEZY REPLIES

In one sense, of course, the Japanese "miracle" was based on a tremendous increase in the production of relative surplus value. I took that for granted in the article in question, but it would perhaps have been better to spell it out.

I do not think, however, that it is plausible to maintain, as O'Connor does, that "the 'secret' to Japan's success is really the tight controls which capital and the Japanese state have established over production and the costs of reproducing labor power." The domination of capital and the Japanese state long antedates the Second World War and hence can hardly be the "secret" of what happened after the war. Moreover, it can easily be shown, I believe, that the factors which O'Connor specifically mentions are results or aspects of the process under investigation rather than its causes. Mini-housing space is not due to any controls but to extremely rapid urbanization and astronomical real-estate prices. Mass transit was not an instrument of control but a *sine qua non* of mobilizing labor power for the new factories and enterprises.

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The pattern and evolution of food prices resulted from agricultural policies designed to set free labor power and integrate Japan into the new U.S. global empire. And sexism is very deeply rooted in Japanese history and society and certainly cannot be considered a control device recently invented by capital and the state.

Perhaps what O'Connor has in mind is that "control exercised by capital and the state" has kept the Japanese working class docile and easily exploitable, and that without such control working-class militancy would have upset the whole applecart. But the fact is that the workers were more militant at the beginning of the process than they have been in the last few years and that the annual "spring offensives" of the unions have been getting milder and milder. Is it not more plausible to infer that the docility of the Japanese working class has been mainly due to full employment and (by historical standards) very rapidly rising real wages (before the war the average Japanese wage "basket" was comparable to that of Latin American workers, while today it is approaching that of the advanced countries of North America and Europe)?

None of this is to deny the reality or importance of the domination exercised by capital and the state throughout the whole post-Second World War period. Without it Japanese society would be very different from what it is, and so would the history of the last three decades. But this is a necessary condition of the "miracle," not a causal explanation. Formulas, however valid in their own right, can never be a substitute for concrete historical analysis.

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This book deals with the section of the West African coast between the Gambia and Cape Mount. Although arbitrarily partitioned between the British, French, and Portuguese in the 19th century the area has a historical, geographical, and ethnic unity. Dr. Rodney's work is based on the hitherto unexploited archives of Lisbon and Rome, as well as on a thorough survey of the secondary sources. He reconstructs a picture of African society in the mid-sixteenth century when it was largely free from European influences, and in later chapters provides valuable material concerning European activities both in the slave trade and other forms of commerce.

WALTER RODNEY
1942-1980

Walter Rodney was a great teacher-activist who emerged from the Caribbean anti-imperialist struggle. His influence reached far beyond Guyana, where he was born, to the oppressed peoples of Africa, Latin America, Asia, and the West Indies.

On June 13 he was killed by an assassin's bomb placed in his car in Georgetown, Guyana, at a time when the regime of Prime Minister Forbes Burnham was intensifying its repression against the opposition of the Working Peoples Alliance, of which Rodney was founder and leader.

This book, which was first published in 1970 and had been allowed to go out of print, is reissued by Monthly Review Press in Walter Rodney's memory.

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(Continued from inside front cover)

hand," Marx went on to say: "We know that if the newfangled forces of society are to work satisfactorily, they need only be mastered by newfangled men—and such are the working men. They are as much the invention of modern time as machinery itself. In the signs that bewilder the middle class, the aristocracy, and the poor prophets of regression, we recognize our old friend Robin Goodfellow, the old mole that can work in the earth so fast, that worthy pioneer—the revolution." If readers can add to the old mole's genealogy, we would be glad to hear from them.

While we're on the subject of hearing from readers, we should thank the few who took the trouble to correct a slip in Christine Stansell's review of *For Her Own Good: 150 Years of the Experts' Advice to Women*, by Barbara Ehrenreich and Deirdre English. Our reviewer attributed authorship of *The Jungle* to Sinclair Lewis instead of Upton Sinclair. All of us who read the proofs of that issue feel that the correction applies to us as much as it does to Christine Stansell!

We have been asked to announce the publication of *Head and Hand: A Socialist Review of Books* by a collective acting in conjunction with C.S.E. Books, book publishing arm of the Conference of Socialist Economists (the British counterpart of this country's Union of Radical Political Economics or URPE). Begun as a "house journal" of C.S.E. Books, *Head and Hand* has now gone public and is attempting to attract subscribers on the basis of serious reviews of a wide variety of socialist books. The price for three copies a year is £2•50 (U.K.), £3•00 (overseas), £4•00 (libraries). Checks payable to Head and Hand should be sent c/o John Goodman, CSE, 55 Mt. Pleasant, London WC1X OAE; inquiries and review copies to Head and Hand, c/o TUSIU, "Southend," Fernwood Road, Newcastle, NE2 1TJ, England.

A reader in the Boston area writes to ask why "every issue of MR has been coming early in the month after the date on the issue. Is it the U.S. mail that moves so slow, or something else?" The answer is that it is usually a combination of factors—delays at the editing, printing, binding, and mailing stages all play a part. But the U.S. postal service sometimes manages all by itself. Believe it or not, it not infrequently takes as much as two weeks for an issue to reach the upper west side of Manhattan, and we have to assume that subscribers further away fare no better. But we believe that if you stop to think about it, you will conclude that the discrepancy between cover date and delivery date is not very important (as it would be, for example, in the case of a news-magazine): most everything that appears in MR relates to ongoing situations rather than to specific events, so whether this issue reaches you late in December or early in January will hardly affect its timeliness. What we do guarantee is to get out eleven issues during the year (counting the double summer issue).

The latest number of *Latin American Perspectives* is a special double issue (Volume VII, Numbers 2 and 3) devoted entirely to Central America under the general title "The Strongmen Are Shaking." It contains over 200 pages of up-to-date analysis and reporting on what is probably the present storm center of the Third World's national liberation and revolutionary struggles. The magazine is a quarterly, and sub rates range from $12 for students and unemployed to $42 for private corporations and government agencies. For details write to Latin American Perspective, c/o CMS, P.O. Box 792, Riverside, CA 92502 (the editorial address is P.O. Box 5703, Riverside).

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